

Committee on Government Reform

CONGRESSMAN TOM DAVIS, CHAIRMAN



NEWS RELEASE

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Defense Authorization Conference Report Includes Davis Procurement Reforms

Washington, D.C.—The FY2004 Department of Defense Authorization conference report approved by the House today includes historic reforms to the government's procurement system authored by Government Reform Committee Chairman Tom Davis (R-VA).

The conference report includes the majority of H.R. 1837, the Services Acquisition Reform Act (SARA) – one of Davis' top priority reform bills this Congress. SARA, in a nutshell, builds on the critical procurement reform initiatives of the 1990s by recognizing that the economy and the needs of our government have become increasingly service and technology oriented.

"This is a huge win for fans of good government," Davis said. "While procurement reform may not be the sexiest issue before Congress, improving the way we acquire goods and services can help make the government leaner, meaner, more responsible, and more accountable to taxpayers.

"The current acquisition system, although much improved by the reforms of the 90s, is simply inadequate to leverage the best and most innovative services and products our vigorous private-sector economy has to offer. We have not kept pace with the dynamics of an economy that has become, over the last few years, increasingly service- and technology-oriented. Without change, the current system cannot support the President's vision – expressed in his Management Agenda – of a government that is well run, results oriented, citizen centered, and market based.

"The procurement reforms in this legislation take aim at the root causes of our current dilemma. They will allow us to put the tools needed to access the commercial service and technology market in the hands of a trained workforce that will have the discretion necessary to choose the best value for the government -- and be held accountable for those choices.

"Each year the federal government spends over \$200 billion buying goods and services. More than half of that, over \$135 billion, is now spent on services, making

services the government's single largest spending category. With these reforms, we ensure that we're spending that money more wisely."

The main features of the legislation follow:

Workforce

- The legislation establishes a sorely needed civilian acquisition workforce-training fund within GSA, financed by depositing 5% of the fees collected by various agencies under their government-wide contracts, including the GSA Schedules. This will stabilize training funding for civilian agencies and thus allow our hard-working acquisition professionals to get the training they need to transition to the new service oriented and technology driven federal market.
- The legislation permits the head of a government agency under regulations issued by the Office of Personnel Management to recruit and directly hire acquisition employees with high qualifications.

Business Structure

- The legislation reforms the antiquated business environment that currently surrounds the government's acquisition functions. It provides for the appointment of a "non-career" Chief Acquisition Officer for most major agencies to eliminate stovepipes and serve as a high-level focal point for acquisition in day-to-day operations, as well as in agency-wide strategic planning and performance evaluation processes.
- The legislation authorizes the establishment of a Chief Acquisition Officers Council to monitor and improve the federal acquisition system. The Council will be chaired by the Deputy Director for Management (DDM) of the Office of Management and Budget (OMB) and comprised of agency Chief Acquisition Officers and other high-level acquisition officials. The Council will develop recommendations on Government-wide acquisition policies and other innovative acquisition initiatives, promote effective business practices, and work with the Office of Personnel Management to assess and address hiring, training, and professional development needs related to acquisition.
- The legislation establishes an advisory panel of experts in acquisition law and policy who represent diverse public and private sector experiences to review acquisition laws and regulations. The panel will make recommendations for the modification of laws, regulations, or policies to eliminate unnecessary provisions and encourage the appropriate use of commercial practices and performance-based contracting.

Acquisition of Commercial Items

- The legislation establishes a government-wide preference for the use of performance-based service contracts by treating certain service contracts under \$25,000,00 as contracts for “commercial items.” This will authorize the use of simplified procedures for the award of performance-based service contracts and apply to those contracts existing waivers of requirements and certifications. These authorities, along with increased workforce skills and knowledge facilitated by the new workforce training fund, should go a long way towards establishing well-managed performance-based contracts as the norm for the acquisition of services.
- The legislation clarifies the existing statutory definition of commercial item to authorize the use of time and material and labor-hour type contracts for certain commercial services that are commonly sold to the public through such contracts and are purchased by the Government on a competitive basis.
- The legislation clarifies the definition of “commercial item” to recognize the changing dynamics of the commercial marketplace for services. The new definition recognizes that services that are sold on the basis of specific outcomes in addition to those for specific tasks should fit within the definition of commercial services. Thus, benefits that attach to commercial items will now be available not just for services sold in the marketplace for specific tasks such as grass cutting but for more sophisticated services such as management consulting services used to improve agency processes.
- The legislation will allow all federal agencies to use approaches other than contracts to buy research and development and prototypes for new technologies to fight terror. The Department of Defense has long had such authority. The new Department of Homeland Security has recently been granted the authority. The legislation makes it government-wide.
- The legislation provides for special streamlined procedures, based upon flexibilities in current law, for the procurement of property or services when the head of the agency determines the property or services are in support of a contingency operation or to facilitate defense against or recovery from nuclear, biological, chemical, or radiological attack. This will provide structured streamlined authorities to buy the most high-tech and sophisticated products and services to defend against such terror attacks.
- The legislation ensures that firms will be able to include in their offers for Federal contracts plans to allow the firm’s employees to telecommute without being arbitrarily disqualified or downgraded simply for offering such plans.

“The Federal government faces historic challenges. At the same time, it sits at the brink of unprecedented opportunity,” Davis concluded. “We need to develop new

methods to harness the magic of our dynamic private market to meet the critical needs of the American people. This legislation does just that. It places us on the road to a flexible, responsive, and impartial competitive acquisition system that will enable our government to leverage the best services and technology the private sector has to offer -- at fair and reasonable prices.”

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